

**Testimony of
Mitchell E. Daniels, Jr.
Director
Office of Management and Budget
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and Intergovernmental Relations
and the
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I am pleased to appear before both Subcommittees today to discuss an issue that is important to the President and to the taxpayers – linking funding for programs to results. The President believes citizens have a right to expect a government that works. He made performance a key part of his Management Agenda.

For some time, Congress also has recognized the importance of this issue. Almost 10 years ago, it passed the Government Performance and Results Act. This hearing shows that Congress, like the Administration, remains committed to taking the next step toward better performance in government.

We all agree that basing funding decisions for Federal programs on performance makes sense. It is ironic that tying spending decisions to program performance is viewed by some as something new, that the Administration even had to establish an initiative for such a basic element of good government. In business, the burden of proof is properly on the requester of funds to show what the expected results will be, and later, to produce them. In family life, for that matter, most children seeking an allowance from their parents know that they will be doing chores in return.

Somehow, the standard for government has been different. The expectation is that programs will get additional funds almost automatically. “How much?” is the question asked, instead of “How well?” Our efforts to integrate budget and performance shift the burden of proof to those who request taxpayer dollars, and not just for “additional” funds, but all funds.

I see this as a common sense idea upon which people of different philosophies should agree. For those who think that government does too much, costs too much, and is too big, basing funding on results makes sense. But those who believe government should be more active, should have greater influence on people's lives, also should want resources invested in programs that produce results.

The challenge is putting results-oriented government into practice. I am here today to tell you about the Program Assessment Rating Tool, or PART -- one practical way the Administration is making results matter. For the FY 2004 Budget we are using the PART to rate over 200 Federal programs, representing over 20 percent of Federal funding. Over time, we will build toward rating all programs every year.

GPRA Has Not Lived Up to Its Legislative Intent

Nearly 10 years have passed since the Government Performance and Results Act (GPRA) was enacted. Agencies spend an inordinate amount of time preparing reports to comply with it, producing volumes of information of questionable value. If one were to stack up all the GPRA documents produced for Congress last year, the pile would measure over a yard high. A policy-maker would need to wade through reams of paper to find a few kernels of useful information.

Even with GPRA, accounting for performance when making budget decisions is unfortunately the exception, not the rule. The implementation of this important law has gone astray.

As a result, the Administration has decided to take GPRA in a new direction.

Program ratings have been linked to the budget and, in fact, will be an integral part of the FY 2004 budget process. Programs with strong performance will receive higher scores on the PART. Those found lacking will receive lower scores.

Program Ratings in the FY 2003 Budget

The evaluation process started with FY 2003 Budget which broke new ground in a number of ways. Most apparent, perhaps, was the change in presentation. We set out to make the Budget a document for public consumption, as it should be. We included more graphics than in the past, but more important, the aim was to present information that would interest readers by showing them how their tax dollars were being used. The FY 2003 Budget began to shift the emphasis to accountability. It did this most visibly in two ways: (1) with the scorecard for the President's Management Agenda; and (2) by including performance assessments for selected programs.

For each agency, the Budget included a table listing selected programs with an assessment of the program's effectiveness and a brief explanation of the assessment. While these ratings were based on OMB staff's knowledge of the programs and their professional judgment, they weren't systematic. Still, there were numerous instances in which funding decisions were motivated primarily on achieving demonstrated results. Some examples from the FY 2003 Budget include:

- For the Department of Interior, funds were shifted from the National Fish Hatchery system, a program that lacks clear direction and adequate performance measures to the National Wildlife Refuge System, a program that effectively balances species conservation with public access.
- In the Department of Energy, funds from the Concentrating Solar power program were transferred to the Solar Building Technology Research program, because the latter showed promise for lowering the cost of solar water heating and developing a zero net energy home, while the price tag for the former still cannot compete with conventional energy sources.
- Despite wide variation among states, overall vocational rehabilitation performance has improved in recent years, so the President's Budget includes a new \$30 million incentive grant program in the Department of Education for state vocational rehabilitation agencies able to demonstrate their ability to help people with disabilities get jobs.

These program ratings represented a major step toward increasing accountability for taxpayer dollars and creating the results-oriented government envisioned by the President.

Improving the Assessments for FY 2004

Shortly after the release of the FY 2003 Budget, we set out to strengthen our process for assessing the effectiveness of programs by making it more rigorous, systematic, and transparent. This last issue was particularly important. A process was developed that would yield sound ratings and make them available for public scrutiny. Working with agencies, a wide range of programs were selected to assess in the first year, including some Presidential priorities, programs of different sizes, and both high and low performers.

Testing and Vetting the PART

OMB staff developed a blueprint for rating programs that was tested internally this spring on 67 programs. This practical experience helped us determine how the tool could be refined to make it more useful to the

budget process and to drive improvements in performance.

OMB staff conducted extensive outreach and solicited input from interested parties both inside and outside the Federal government. They presented the PART to various groups, including the National Academy of Public Administration, the General Accounting Office, and Congressional staff.

For example, the National Academy of Public Administration (NAPA) convened a workshop to review a completed rating for a program and provide feedback on the process overall. NAPA assembled a panel of program experts to evaluate how accurate the rating was in light of their extensive program knowledge.

Outreach sessions informed people about these activities, and provided a forum to receive useful input. From the outset, all PART materials have been available on the OMB website.

Executive branch agencies have acted as partners throughout this effort, and a great deal of the work has been devoted to maintaining a strong partnership with them. The PART was vetted through the President's Management Council, which offered several constructive suggestions. Although it was not a requirement for the first year, some agencies began using the PART to assess programs for their internal budget processes.

A consensus has developed that the PART has favorable prospects for focusing attention on performance and results.

Performance Measurement Advisory Council

OMB also established the Performance Measurement Advisory Council (PMAC). Chaired by Mort Downey, former Deputy Secretary of Transportation under the Clinton Administration who is testifying here today, this group of six outside experts provides advice on budget and performance integration. In its first two meetings, the PMAC has reviewed and provided suggestions on various aspects of the program assessment rating process, as well as how performance information will be presented in the Budget.

How the PART Works

The PART asks common sense questions that program managers and budget analysts should raise in their normal course of work, and then it generates scores based on the answers. Answers must be supported by an explanation and evidence with the intent of making the ratings objective and impartial.

The PART examines different aspects of program performance to develop a comprehensive rating. Achievement of programmatic goals is central to the rating and half of the score. The PART also looks at efficiency and other management issues which are not typically highlighted by agencies.

While the PART generates a numeric score, there is no pretense that the score represents a precise calibration of performance. Numeric scores, though, do allow for comparisons from year to year, and they will allow us to measure improvement and determine if our attempts to improve performance are working. We are still considering various options for how this information will be presented in the Budget, but these ratings will be disclosed in conjunction with the FY 2004 Budget.

We recognize that some amount of subjectivity is inevitable when completing a program rating. To minimize subjectivity, we prepared detailed guidance and conducted training on the PART. We are also convening an interagency group to review a sample of PARTs to ensure consistent application of the rating criteria.

The PART and Budget Decisions

Some fear that the PART scores will translate mechanistically into proposed funding levels. The PART will enrich budget analysis, not supplant it. Economic conditions, programmatic trends, national needs and interests, and other factors must always be considered along with performance when developing a budget.

Nonetheless, completing these program assessments will assist the development of budget recommendations in numerous ways:

- ***Highlight areas that deserve management attention.*** What we have learned so far from our testing of the PART is that the program assessment shines a spotlight on areas of weak management. The PARTs should help identify areas that require attention in agencies' planned actions to achieve the goals of the President's Management Agenda.
- ***Inform resource allocations among competing programs.*** Completion of the PART will make it easier to make comparisons between similar programs, so that informed decisions can be made to fund those programs that work versus those that don't.
- ***Increase accountability for taxpayer dollars.*** Putting the PART into effect will permit objective comparison of performance from year to year. If resources are invested to fix a problem with a program and a couple of years later there still is no improvement in the PART score, it's advisable to rethink the investment.

Long-Term Outlook

This year, 20 percent of Federal programs will be rated, with plans to build up over a period of about five years to assessing all Federal programs each year. Next year agencies will have greater opportunities to evaluate their programs and use the information to build their budget submissions to OMB.

Changes already have been noted as a result of the program assessments.

For example, the PART has begun to attract greater attention to results among top agency officials. It also has renewed attention inside the agencies to the benefits of good performance measures.

Most of the effort in completing the PART requires extensive collaboration between OMB and agencies to identify worthwhile results.

Through the Budget and Performance Integration Initiative, the Administration has taken significant steps to improve the performance of Federal programs. Congress intended these goals to be achieved when it enacted GPRA, and we look to move toward results in the near term.